

United States Senate

WASHINGTON, DC 20510

March 17, 2009

Edward Liddy
Chairman and CEO
American International Group
70 Pine Street
New York, NY 10270

Dear Mr. Liddy,

We write today to express our outrage at American International Group's recently revealed multi-million dollar bonus payments. In these perilous economic times, it is unconscionable for the American taxpayer to find out that the very employees responsible for running the company into the ground have now received "performance-based" awards that are hundreds of times as large as the average American's yearly salary. If these contracts are not renegotiated immediately, we will take action to make American taxpayers whole by recouping all of the bonuses that AIG has paid out to its financial products unit, which, by all accounts, is primarily responsible for the near-failure of the company and the devastating impact on the global financial markets.

For a company that would not exist anymore but for a \$170 billion taxpayer-funded rescue, it is simply morally unacceptable to spend \$165 million on bonus payments, and especially offensive to spend \$450 million over the next two years rewarding the employees that helped fuel the nation's financial crisis. Given the fact that it was the employees in this unit that brought your firm to the brink of bankruptcy and caused such havoc in the world, rewarding them is not only morally reprehensible, but entirely indefensible on any business grounds. It is the grossest perversion of the idea of a "performance bonus" imaginable. In America, we believe in rewarding success. AIG is attempting to reward the most extreme failure.

We insist that you immediately renegotiate these contracts in order to recoup these payments and make the American taxpayer whole. We stand ready to take the difficult, but necessary step of working to enact legislation that would allow the government to recoup these bonus payments, perhaps by imposing a steep tax-- as high as 91 percent--that will have the effect of recovering nearly all of the bonuses that have been paid out since AIG turned to taxpayers for help.

At a time when families across the country are struggling to make ends meet, and hundreds of thousands of Americans are losing their jobs each month, the hubris of this company, and these employees, to demand taxpayer assistance for these bonus payments is simply and plainly unacceptable. We urge you to bring your employees to the table to renegotiate these contracts immediately. We expect that you will report back to Congress on your efforts to recoup these payments in short order. Thank you for your prompt attention to this matter.